CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Meeting of December 12th, 1980

Present: Mr. R. Doutre, Prof. C. Goldman, Prof. C. Potter, Mr. W. Reay, Mr. B. Smart, Mr. Kertland of Jarislowsky Fraser, Mr. D. Williams of Beutel Goodman and Miss D. Johnson, Secretary.

In Absentia: Mr. A. Duff, Mr. G. Fisher, Mr. H. Hemens, Mr. E. Lemieux, Prof. G. Martin.

Review of Investments and Economic Outlook - Jarislowsky Fraser

Mr. Kertland of Jarislowsky Fraser presented an overview of the economic outlook and reviewed investment transactions within the plan portfolio.

Returns in the paper industry continue to rise and there has been tremendous growth in the non - U.S. steel industry in Canada. No increase in the cash flow to the Canadian Oil Industry is anticipated for 1981 but increased activity in Gas and Energy is anticipated. The Concordia portfolio (J.F.) maintains a large position in Canadian Oil.

Short-Term Vehicles: The industries preferred by Jarislowsky Fraser are Printing, Publishing & Broadcasting, Drugs and Pharmaceuticals and junior companies in the Electronic industry.

Bonds: It is taking longer to adjust the inherited bond portfolio than Jarislowsky Fraser had originally anticipated. The Bond Market has a tendency to over-react to trends and purchases will only commence when prices hit an acceptable level, in the meantime short-term cash will be kept available in the Fixed Income account to catch Bonds on the upsweep.

Beutel Goodman

The U.S. economy was down in 1980, the Federal Reserve maintained a tight reign on the money supply and not many industries could afford the cost of money, economic recovery during the first quarters of 1981 is expected to be uncertain, however, the swing to the right could provide incentive for capital expenditure and have a positive affect on the U.S. Market.

In Canada the G.N.P. was generally down, costs in the labour sector are up and a decrease in Corporate profits of 5% is forecast. The Canadian dollar is down but the inflationary psychology is so engrained that consumers are buying anyway. The Canadian petroleum policy has gone to extremes and it will be punitive for the industry. Beutel Goodman is still looking for acquisitions in

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oils but they won't be in Canada. The cost of metals is expected to go up by late '81 and a price weakness in Pulp & Paper is expected; the mining industry should recover in the second half of '81.

The T.S.E. has been overpriced in the last 6 to 12 months and the U.S. Market has run up very sharply in the last 6 months, however, the U.S. Market is still very attractive vis à vis the Canadian Market.

Bonds: There is still more work to be done on the Concordia portfolio in the Bond area. The Fixed Income side of the portfolio includes 18% cash reserves, 64% Bonds and the balance in Mortgages.

Mr. Williams is quite content with the present flow of new cash into the accounts (50% Fixed and 50% Equity) and he will only request a change in the cash flow when the present reserves are down.

Request For Pre-Scheduled Investment Review Meetings

Mr. Williams suggested that the meetings for review of investments should be held shortly after the end of the quarter, preferably on a day that has previously been agreed to by all members of the Committee. (He mentioned the third or fourth Friday after the end of each quarter). An annual schedule of Investment Review meeting can then be established for the benefit of all concerned.

The secretary will be circulating a survey of preferred days to the Members.

The meeting terminated at 2:15 p.m.

Respectfully Submitted,

M. Dawn Johnson

M. Dawn Johnson, Secretary